

Draft Dated March 01, 2026

Letter Agreement regarding Financial Stabilization

This Letter Agreement is entered into as of _____ by and between Mauna Kea Stewardship and Oversight Authority, a body corporate and a public instrumentality of the State of Hawai'i (MKSOA) and the University of Hawai'i, the state university and a body corporate of the State of Hawai'i (UH) to establish an operational arrangement between the parties of various expenses related to the stewardship and operation of the Mauna Kea lands in accordance with Act 255 (2022).

The parties wish to memorialize those agreements and terms as set forth in the attached Term Sheet, incorporated herein by this reference, and will continue to engage in good faith discussions to finalize the remaining details to be set forth in a final written memorandum of understanding, signed by both parties.

If the terms and conditions as set forth herein are agreeable to the parties, kindly sign below.

Agreed and Understood:

MAUNA KEA STEWARDSHIP AND OVERSIGHT AUTHORITY

By:
Name:
Its:
Date:

UNIVERSITY OF HAWAI'I

By:
Name:
Its:
Date:

Recommend Approval:

**UH/MKSOA Financial Stabilization Package
Term Sheet**

Background

Revenue and funding impacts threaten the successful transition of management obligations for the Maunakea lands in accordance with Act 255 (2022) and exacerbate the need for operational stability during the transition period. This plan for financial stabilization is needed to ensure: (a) UH Center for Maunakea Stewardship (“CMS”) maintenance of current staffing and service levels for the continued operations at Maunakea; and (b) the project schedule of pre-integration tasks for MKSOA and UH, and accordingly, the transition deadline of July 1, 2028 required by Act 255.

Part I, § -5 of Act 255 enables MKSOA to “[E]nter into cooperative agreements, easements, subleases, or other contracts, as necessary, with any state agency, county agency, or private landowner.” Accordingly, in order to ensure continuity of operations and accelerate the pre-integration tasks with CMS, as well as mitigate delays to the transition deadline required by Act 255, MKSOA is executing a financial stabilization package (i.e., entering into a contract) with UH for their services from May 1, 2026 through June 30, 2027 (the “Financial Stabilization Package”).

A. Purpose and Scope

The purpose of the Financial Stabilization Package is to ensure continuity of operations during the transition period. This includes UH ensuring ongoing implementation, management, and compliance with UH’s Master Plan, Comprehensive Management Plan, and Administrative Rules under the oversight of the Joint Management Committee (JMC). As further specified herein, the Financial Stabilization Package funds may be used by UH to fund the following (the “Operational Budget”) :

1. Managing project reviews to ensure consistency with the Master Plan project review process.
2. Implementing management actions identified in the Comprehensive Management Plan.
3. Ensuring Mauna Kea Observatory (MKO) compliance with subleases and permits.
4. Enforcing UH Administrative Rules regarding public access and commercial activities.
5. Ensuring the continuity of daily operations throughout the transition period in accordance with the governing rules above.

B. Reporting

UH will prepare reports to the JMC and will report on their management activities as specified below:

Draft Dated March 01, 2026

1. Provide operational and joint management reports at the monthly MKSOA board meetings.
2. Coordinate and facilitate the bi-monthly JMC agendas and meetings.
3. Provide quarterly financial and departmental reports highlighting important and priority activities.
4. Provide copies of UH's annual reports to the Legislature, BLNR, and other Agencies, as may be required.

In addition, assuming no conflicts of interest or legal constraints, UH will continue to provide financial and other information, as available when requested, to support MKSOA transition planning and management plan development, in accordance with Act 255.

C. Additional Services

The parties also agree that funds provided herein may be used by UH for the following activities necessary for the successful transition of management in accordance with Act 255 (the "Additional Services"):

1. Assisting MKSOA to determine the details of the official transfer of RCUH/CMS/MKSS employees, and assisting in the creation of policies, processes, and positions necessary for an equitable transfer, as well as their respective onboarding and orientation.
2. Collaborating with MKSOA with pre-integration tasks, such as coordination of community outreach, staff training, the development of strategy and governance plans, coordination of communications plans, migration of IT systems and data, and business process mapping of operations and finance.
3. Leading the expansion of planned, or assisting with the development of new, conservation and education programs approved by the JMC.
4. Replacement of aging infrastructure, equipment, and vehicles as approved by the JMC.

D. Term

The Financial Stabilization Package agreement shall commence May 1, 2026 and shall continue through June 30, 2027 (the "Term"). The agreement shall be reviewed quarterly and can be renewed or extended by mutual agreement in writing, with amended terms as approved by the parties. Amendments could include the amount of financial contribution, length of the agreement, or other terms as agreed. The parties will extend the term of the agreement, as additional MKSOA funding is appropriated beyond June 30, 2027.

Draft Dated March 01, 2026

E. Contribution

Operational Budget <i>Offsets reductions in CMS revenue from lease rent collections and budget reductions FY2027</i>	\$1,500,000
Additional Services Budget <i>Expenditures subject to approval by the JMC</i>	\$2,532,000
1. Staffing of technical hires and administrative support and overhead for MKSOA integration planning and implementation	\$732,000
2. Development of additional conservation and education programs	\$200,000
3. Ranger Program	\$600,000
4. Replacement of CMS Utilities heavy equipment and support vehicles	\$750,000
5. Deferred facility maintenance, infrastructure upgrades, emergency response and repairs	\$250,000
Total	\$4,032,000

MKSOA will contribute \$4,032,000 U.S. Dollars (\$4.032M) to UH that will include: \$1.5M for the current Operational Budget and \$2.532M for Additional Services Budget, as defined above, for the period May 1, 2026 – June 30, 2027. The parties will work together to finalize the form of agreement that will provide maximum flexibility for funding allocation by the start of the Term, to cover day-to-day management, including payment in the form of an interagency grant from MKSOA to UH or other mutually agreed upon funding options. In the event that CMS incurs additional losses to funding and revenue, MKSOA may increase its financial contribution at any time during the Term to ensure continuity of operations, provided UH substantiates these additional losses in writing.